Comments of Solar Energy Industries Association
En Banc on the Customer Choice Gap Analysis and Choice Action Plan
Submitted November 13, 2018

I. Introduction

SEIA appreciates the opportunity to comment on the Commission's October 29th En Banc on the draft Customer Choice Gap Analysis and Action Plan (Gap Analysis). We and our member companies recognize the importance of the market design issues facing California policy makers and the impact of those choices on the reliability, affordability and environmental impact of electricity supply in California. In the following comments, we provide feedback on the topics covered in the En Banc and seek to correct some statements made at the En Banc we feel were made in error.

As the national trade association of the U.S. solar energy industry, SEIA represents over 1,000 solar companies that promote, manufacture, install and support the development of solar energy. Collectively, our members employ more than 260,000 Americans. SEIA works with its member companies to build jobs and diversity, champion the use of cost-competitive solar in America, remove market barriers and educate the public on the benefits of solar energy.[1]

II. Consumer Protection and Rooftop Solar

SEIA appreciates and strongly supports the focus of consumer protection in the Gap Analysis. The residential solar industry has been built upon word of mouth, one family at a time recommending solar to their neighbor. We believe that any predatory actors operating in the industry threaten the health of the entire industry and thus take seriously the security of all solar customers, particularly low-income, limited English-proficient and other vulnerable populations. To that end, SEIA and its member companies have developed a variety of approaches to ensure the industry abides by the highest standards. These efforts include:

- Crafting a disclosure document that has been used as a template in various states across the nation;
- Publishing a solar consumer guide that was recently updated in 2018 to include energy storage;
- Forming a consumer protection and advocacy committee focused on improving industry practices that meets bi-weekly; and
- Engaging with various state agencies throughout the country to inform leaders about industry practices, standards, and other efforts.

Currently, SEIA has sharpened its focus on the San Joaquin Valley. Specifically, SEIA and the California Solar and Storage Association ("CALSSA") have been working with their members, the CPUC, the Contractors State License Board ("CSLB"), community-based organizations, and other interested stakeholders on a multi-pronged approach to address customer concerns arising in the San Joaquin Valley. Led by SEIA and CALSSA, the industry is taking immediate action to resolve complaints and investigate the practices learned about through a workshop coordinated by the CPUC and local Mayor Rey Leon in Huron, CA. SEIA and CALSSA have also hired a Fresno-based consulting firm to better understand the consumer protection issues arising in Huron and other communities in the area,

[1] The views expressed herein are the views of SEIA and not any individual member company.

including misunderstandings and actions by bad actors. The industry is also in the process of organizing an event to educate local residents about solar and storage, along with resolving complaints with specific companies, and determining how to better serve the community.

SEIA and its member companies look forward to continuing to work with the CPUC and the CSLB in addressing these complaints.

III. Rate Design

In the "Action Recommendations" section of the discussion on rates design,[2] the paper recommends consideration of fixed charges for cost recovery, reviewing rate structures for behind-the-meter (BTM) resources, and extending time-of-use (TOU) to the transmission and distribution (T&D) elements of retail rates. SEIA agrees that rate design is a critical element of the state's electricity system that impacts a number of different policy goals and objectives addressed in the Gap Analysis. As such, careful consideration of rate design options is warranted.

SEIA strongly supports the idea of employing TOU in the T&D elements of retail rates, in addition to the current TOU of the generation element. Recent settlements on rate design issues in general rate cases in which SEIA has participated actively have made significant strides in this direction. Recent reports from the California Independent System operator show conclusively that reduced demand from customers using BTM resources can result in significant T&D infrastructure savings. For example, in the 2018-2019 Transmission Planning process, the California Independent System Operator (CAISO) identified 18 projects that are no longer needed in PG&E territory due to growth of efficiency and rooftop solar, saving ratepayers $2.6 billion. Since the need for new T&D infrastructure is often driven by projections of demand exceeding equipment capacity during certain hours of the day, month and year, reflecting T&D costs in TOU rates could exert downward pressure on demand during those times and drive further ratepayer savings.

By the same token, SEIA cautions against recovering significant portions of utility infrastructure costs via fixed charges, since fixed charges can mute the price signals that would otherwise reduce customer demand and infrastructure costs. Nevertheless, we are open to the idea raised in the Gap Analysis of replacing "non-time-differentiated demand charges" for non-residential customers with a combination of modest fixed charges and TOU rates, or coincident peak demand charges. Fixed charges should be strictly limited to the utility facilities and costs closest to the customer that principally provide access to the grid, such as metering, the service drop, billing, and customer service.

As the state moves toward better alignment of electricity price signals with GHG goals, it might make sense to start considering an optional real-time or day-ahead (TOU) rate for retail customers that conveys GHG and system generation costs, as well as locational T&D price signals. Such a rate could greatly simplify a number of demand-side programs and policies and lead to more economically efficient decision-making that incorporates GHG, marginal generation, and T&D costs. In this vein, SEIA

[2] Gap Analysis and Action Plan, p. 37

recommends that the final gap analysis include a recommendation that the CPUC consider real-time pricing, and we provide for reference a Petition for Rulemaking (PFR) recently filed by CALSSA.[3]

IV. Distribution Grid Services

SEIA agrees that thoughtful planning and procurement is essential to ensure reliability and affordability in an increasingly decarbonized and distributed grid, and supports the CPUC's ongoing efforts to develop a roadmap for addressing emerging issues related to customer choice. SEIA believes that a sustainable DER market is very much aligned with the State's long-term energy goals. Policies and programs such as net energy metering, the Self-Generation Incentive Program, dynamic rates, coupled with the widespread growth of batteries in homes and businesses, have enabled customers to respond to price signals and shift load to times that benefit the grid. Further, SEIA applauds the CPUC's efforts to create opportunities for DERs to provide services to support and optimize the grid through its Integrated Distributed Energy Resources, Distribution Resources Plan and Energy Storage proceedings. SEIA's member companies have been very engaged in the various working groups within these proceedings and have participated in solicitations to provide grid services.

Under the "Distribution Grid Services" section, the Gap Analysis discusses the Commission's commendable efforts since the passage of AB 327 to better integrate DERs into the utilities' distribution grids. In addition, the paper correctly identifies challenges of coordination between CCAs that enable demand-side programs and IOUs that maintain the distribution system. Facilitating and institutionalizing coordination between CCAs and IOUs in distribution system planning will be of critical importance going forward. The Oakland Clean Energy Initiative, wherein PG&E and East Bay Community Energy are working together to replace an obsolete peaker plant with DERs provides a good model for this type of cooperation.

In addition, SEIA feels that more work is needed to develop a comprehensive framework for targeting DERs at high-value locations on the distribution grid. While "Distribution Deferral" solicitations have produced some valuable projects, a number of those solicitations have not resulted in any executed contracts.[4] This is likely due to a number of factors, including incrementality rules and other factors restricting companies' ability to participate in the solicitations. In addition, of the universe of DER providers, there may be only a limited number that are in the practice of responding to utility RFOs, rather than serving retail customers directly. Thus, SEIA encourages the Commission to consider tariffs, rates or other types of non-RFO sourcing mechanisms.

V. Conclusion

SEIA appreciates the opportunity to provide comments on this important topic and to address some of the misconceptions about distributed energy resources expressed at the En Banc. As noted in earlier our comments on customer choice, DERs are an important area of customer choice that can reduce electric

[3] Petition of the California Solar and Storage Association, California Energy Storage Association, Enel X, Engie Service, Engie Storage, OhmConnect Inc., Solar Energy Industries Association, and Stem, Inc. to adopt, amend, or repeal a regulation to Pub. Util. Code § 1708.5, Nov. 6, 2018

[4] For example, see Resolution E-4941

system costs and enhance grid reliability, and the Commission should continue to promote policies that allow for customer adoption of those resources.

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